

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

RECEIVED

COMMISSIONERS

BOB STUMP - Chairman
GARY PIERCE
BRENDA BURNS
BOB BURNS
SUSAN BITTER SMITH

2013 JAN 18 A 10:52

AZ CORP COMMISSION
DOCKET CONTROL


IN THE MATTER OF THE APPLICATION OF
RAY WATER COMPANY, INC. FOR A RATE
INCREASE.

DOCKET NO. W-01380A-12-0254

**STAFF'S NOTICE OF FILING
REVISED SURREBUTTAL SCHEDULES**

The Utilities Division ("Staff") of the Arizona Corporation Commission ("Commission") hereby provides notice of filing the Revised Surrebuttal Schedules of Staff witness Crystal S. Brown in the above-referenced matter.

RESPECTFULLY SUBMITTED this 18th day of January, 2013.



Scott M. Hesla, Staff Attorney
Robin R. Mitchell, Staff Attorney
Legal Division
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007
(602) 542-3402

Original and thirteen (13) copies
of the foregoing were filed this
18th day of January, 2013 with:

Docket Control
Arizona Corporation Commission
1200 West Washington Street
Phoenix, Arizona 85007

Arizona Corporation Commission
DOCKETED

JAN 18 2013

DOCKETED BY



1 Copies of the foregoing were mailed and/or
2 emailed this 18th day of January, 2013 to:

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Ray Water Company
Docket No. W-01380A-12-0254
Test Year Ended December 31, 2011

Revised Surrebuttal Schedule CSB-1

REVENUE REQUIREMENT

<u>LINE NO.</u>	<u>DESCRIPTION</u>	<u>[A] COMPANY ORIGINAL COST</u>	<u>[B] STAFF ORIGINAL COST</u>
1	Adjusted Rate Base	\$ 1,073,266	\$ 603,241
2	Adjusted Operating Income (Loss)	\$ (125,840)	\$ (56,708)
3	Current Rate of Return (L2 / L1)	-11.72%	-9.40%
4	Required Rate of Return	10.57%	9.10%
5	Required Operating Income (L4 * L1)	\$ 113,393	\$ 54,895
6	Operating Income Deficiency (L5 - L2)	\$ 239,233	\$ 111,603
7	Gross Revenue Conversion Factor	1.56320	1.32946
8	Increase (Decrease) in Gross Revenue (L7 * L6)	\$ 373,969	\$ 148,371
9	Adjusted Test Year Revenue	\$ 576,266	\$ 580,814
10	Proposed Annual Revenue (L8 + L9)	\$ 950,235	\$ 729,185
11	Required Increase/(Decrease in Revenue) (%) (L8/L9)	64.90%	25.55%

References:

Column [A]: Company Schedules A-1

Column [B]: Staff Schedules CSB-2, CSB-3, & CSB-15

GROSS REVENUE CONVERSION FACTOR

LINE NO.	DESCRIPTION	(A)	(B)	(C)	(D)
<u>Calculation of Gross Revenue Conversion Factor:</u>					
1	Revenue	100.0000%			
2	Uncollectible Factor (Line 11)	0.0000%			
3	Revenues (L1 - L2)	100.0000%			
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	24.7815%			
5	Subtotal (L3 - L4)	75.2185%			
6	Revenue Conversion Factor (L1 / L5)	1.329460			
<u>Calculation of Uncollectible Factor:</u>					
7	Unity	100.0000%			
8	Combined Federal and State Tax Rate (Line 17)	23.3587%			
9	One Minus Combined Income Tax Rate (L7 - L8)	76.6413%			
10	Uncollectible Rate	0.0000%			
11	Uncollectible Factor (L9 * L10)	0.0000%			
<u>Calculation of Effective Tax Rate:</u>					
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%			
13	Arizona State Income Tax Rate	6.9680%			
14	Federal Taxable Income (L12 - L13)	93.0320%			
15	Applicable Federal Income Tax Rate (Line 53)	17.6183%			
16	Effective Federal Income Tax Rate (L14 x L15)	16.3907%			
17	Combined Federal and State Income Tax Rate (L13 + L16)		23.3587%		
<u>Calculation of Effective Property Tax Factor</u>					
18	Unity	100.0000%			
19	Combined Federal and State Income Tax Rate (L17)	23.3587%			
20	One Minus Combined Income Tax Rate (L18-L19)	76.6413%			
21	Property Tax Factor	1.8565%			
22	Effective Property Tax Factor (L20*L21)		1.4228%		
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			24.7815%	
24	Required Operating Income	\$ 54,895			
25	Adjusted Test Year Operating Income (Loss)	(56,708)			
26	Required Increase in Operating Income (L24 - L25)		\$ 111,603		
27	Income Taxes on Recommended Revenue (Col. [C], L52)	\$ 15,308			
28	Income Taxes on Test Year Revenue (Col. [A], L52)	(18,706)			
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		34,014		
30	Recommended Revenue Requirement	\$ 729,185			
31	Uncollectible Rate (Line 10)	0.0000%			
32	Uncollectible Expense on Recommended Revenue (L30*L31)	\$ -			
33	Adjusted Test Year Uncollectible Expense	\$ -			
34	Required Increase in Revenue to Provide for Uncollectible Exp. (L32-L33)				
35	Property Tax with Recommended Revenue	\$ 35,126			
36	Property Tax on Test Year Revenue	32,371			
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		2,754		
38	Total Required Increase in Revenue (L26 + L29 + L34 + L37)		\$ 148,371		
<u>Calculation of Income Tax:</u>					
39	Revenue	\$ 580,814	\$ 148,371	\$ 729,185	
40	Operating Expenses Excluding Income Taxes	\$ 656,228	\$ 2,754	\$ 658,982	
41	Synchronized Interest (L56)	\$ 3,016		\$ 3,016	
42	Arizona Taxable Income (L39 - L40 - L41)	\$ (78,430)		\$ 67,187	
43	Arizona State Income Tax Rate	6.9680%		6.9680%	
44	Arizona Income Tax (L42 x L43)	\$ (5,465)		\$ 4,682	
45	Federal Taxable Income (L42 - L44)	\$ (72,965)		\$ 62,505	
46	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)		\$ 7,500	
47	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (5,741)		\$ 3,126	
48	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -		\$ -	
49	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -		\$ -	
50	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -		\$ -	
51	Total Federal Income Tax	\$ (13,241)		\$ 10,626	
52	Combined Federal and State Income Tax (L44 + L51)	\$ (18,706)		\$ 15,308	
53	Applicable Federal Income Tax Rate [Col. [C], L51 - Col. [A], L51] / [Col. [C], L45 - Col. [A], L45]			17.6183%	
<u>Calculation of Interest Synchronization:</u>					
54	Rate Base	\$ 603,241			
55	Weighted Average Cost of Debt	0.5000%			
56	Synchronized Interest (L45 X L46)	\$ 3,016			

RATE BASE - ORIGINAL COST

LINE NO.	(A) COMPANY AS FILED	(B) STAFF ADJUSTMENTS	ADJ NO.	(C) STAFF AS ADJUSTED
1	Plant in Service	\$ 5,261,065	\$ (513,553) 1, 2, 3, 4	\$ 4,747,512
2	Less: Accumulated Depreciation	1,835,897	(24,800) 5	1,811,097
3	Net Plant in Service	<u>\$ 3,425,168</u>	<u>\$ (488,753)</u>	<u>\$ 2,936,415</u>
<u>LESS:</u>				
4	Advances in Aid of Construction (AIAC)	\$ 1,633,387	\$ (158,487) 6	\$ 1,474,900
5	Service Line and Meter Advances	\$ -	\$ -	\$ -
6	Contributions in Aid of Construction (CIAC)	\$ 982,352	\$ 158,487 7	\$ 1,140,839
7	Less: Accumulated Amortization	260,433	127,537 8	387,970
8	Net CIAC	<u>\$ 721,919</u>	<u>30,950</u>	<u>\$ 752,869</u>
9	Total Advances and Contributions	\$ 2,355,306	\$ (127,537)	\$ 2,227,769
10	Customer Deposits	\$ -	\$ 105,405 9	\$ 105,405
11	Accumulated Deferred Income Taxes	\$ -	\$ -	\$ -
<u>ADD: Working Capital</u>				
12	Prepayments	\$ 3,404	\$ (3,404) 10	\$ -
13	Inventory	\$ -	\$ -	\$ -
14	Total Rate Base	<u>\$ 1,073,266</u>	<u>\$ (470,025)</u>	<u>\$ 603,241</u>

References:

Column [A], Company Schedule B-1, Page 1
Column [B]: Schedule CSB-4
Column [C]: Column [A] + Column [B]

SUMMARY OF RATE BASE ADJUSTMENTS

LINE NO.	PLANT IN SERVICE	(A) COMPANY AS FILED	(B) Adj No. 1 Capacity Plant Excess Ref. Sch CSB-5	(C) Adj No. 2 Not Used and Useful Plant Ref. Sch CSB-6	(D) Adj No. 3 Pressure Tank Reclassification Ref. Sch CSB-7	(E) Adj No. 4 Allocated Vehicle Cost Ref. Sch CSB-8	(F) Adj No. 5 Accumulated Depreciation Ref. Sch CSB-9	(G) Adj No. 6 AIAC Ref. Sch CSB-10	(H) Adj No. 7 CIAC Ref. Sch CSB-11	(I) Adj No. 8 Amortization of CIAC Ref. Sch CSB-12	(J) Adj No. 9 Customer Deposits Ref. Sch CSB-13	(K) Adj No. 10 Working Capital Prepayments Ref. Sch CSB-14	STAFF AS ADJUSTED
1	No. - Plant Description												
2	302 Franchises	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 700
3	303 Land and Land Rights	62,540	(36,000)	(1,021)	-	-	-	-	-	-	-	-	25,519
4	304 Structures and Improvements	22,078	-	-	-	-	-	-	-	-	-	-	22,078
5	307 Wells and Springs	1,674,835	(268,821)	(17,028)	-	-	-	-	-	-	-	-	1,388,986
6	309 Supply Mains	-	-	-	-	-	-	-	-	-	-	-	-
7	310 Power Generation Equipment	-	-	-	-	-	-	-	-	-	-	-	-
8	311 Pumping Equipment	873,230	(154,829)	(15,804)	-	-	-	-	-	-	-	-	702,797
9	320 Water Treatment Equipment	-	-	-	-	-	-	-	-	-	-	-	-
10	330 Distribution Reservoirs and Standpipes	623,334	-	-	(1,032)	-	-	-	-	-	-	-	622,302
11	330.2 Pressure Tanks	-	-	-	1,032	-	-	-	-	-	-	-	1,032
12	331 Transmission and Distribution Mains	1,160,777	-	-	-	-	-	-	-	-	-	-	1,160,777
13	333 Services	526,754	-	-	-	-	-	-	-	-	-	-	526,754
14	334 Meters and Meter Installations	113,643	-	-	-	-	-	-	-	-	-	-	113,643
15	335 Hydrants	105,490	-	-	-	-	-	-	-	-	-	-	105,490
16	336 Backflow Prevention Devices	-	-	-	-	-	-	-	-	-	-	-	-
17	339 Other Plant and Miscellaneous Equipment	2,902	-	-	-	-	-	-	-	-	-	-	2,902
18	340 Office Furniture and Equipment	8,901	-	-	-	-	-	-	-	-	-	-	8,901
19	340.1 Computers and Software	8,967	-	-	-	-	-	-	-	-	-	-	8,967
20	341 Transportation Equipment	72,235	-	-	-	(20,250)	-	-	-	-	-	-	51,985
21	343 Tools, Shop, and Garage Equipment	1,932	-	-	-	-	-	-	-	-	-	-	1,932
22	344 Laboratory Equipment	-	-	-	-	-	-	-	-	-	-	-	-
23	345 Power Operated Equipment	-	-	-	-	-	-	-	-	-	-	-	-
24	346 Communication Equipment	1,494	-	-	-	-	-	-	-	-	-	-	1,494
25	347 Miscellaneous Equipment	-	-	-	-	-	-	-	-	-	-	-	-
26	348 Other Tangible Equipment	1,253	-	-	-	-	-	-	-	-	-	-	1,253
27	Rounding	-	-	-	-	-	-	-	-	-	-	-	-
28	Total Plant in Service	\$ 5,261,065	\$ (459,450)	\$ (33,853)	\$ -	\$ (20,250)	\$ (24,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,747,512
29	Less: Accumulated Depreciation	\$ 1,835,897	\$ -	\$ -	\$ -	\$ (20,250)	\$ (24,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,811,097
30	Net Plant in Service	\$ 3,425,168	\$ (459,450)	\$ (33,853)	\$ -	\$ (20,250)	\$ (24,800)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,936,415
31	LESS:												
32	Advances in Aid of Construction (AIAC)	\$ 1,633,387	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (158,487)	\$ -	\$ -	\$ -	\$ -	\$ 1,474,900
33	Meter Deposits - Service Line & Meter Advances	-	-	-	-	-	-	-	-	-	-	-	-
34	Contributions in Aid of Construction (CIAC)	\$ 982,352	-	-	-	-	-	158,487	-	-	-	-	1,140,839
35	Less: Accumulated Amortization of CIAC	\$ 260,433	-	-	-	-	-	-	-	127,537	-	-	387,870
36	Net CIAC	\$ 721,919	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,487	\$ (127,537)	\$ -	\$ -	\$ -	\$ 752,869
37	Total Advances and Net Contributions	\$ 2,355,306	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 158,487	\$ (127,537)	\$ -	\$ -	\$ -	\$ 2,227,769
38	Customer Deposits	\$ -	-	-	-	-	-	-	-	-	105,405	-	\$ 105,405
39	Accumulated Deferred Taxes	\$ -	-	-	-	-	-	-	-	-	-	-	-
40	ADD: Working Capital	\$ 3,404	-	-	-	-	-	-	-	-	-	(3,404)	\$ -
41	Prepayments	-	-	-	-	-	-	-	-	-	-	-	-
42	Total Rate Base	\$ 1,073,266	\$ (459,450)	\$ (33,853)	\$ -	\$ (20,250)	\$ (24,800)	\$ 158,487	\$ (158,487)	\$ 127,537	\$ (105,405)	\$ (3,404)	\$ 603,241

RATE BASE ADJUSTMENT NO. 1 - EXCESS CAPACITY PLANT COSTS

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Acct. No. 303 -Land and Land Rights	\$	62,540	\$	(36,000)	\$	26,540
2	Acct. No. 307 -Wells and Springs	\$	1,674,835	\$	(268,821)	\$	1,406,014
3	Acct. No. 311 - Pumping Equipment	\$	873,230	\$	(154,629)	\$	718,601
4	Total Acct. No. 380 -Treatment & Disposal Equip	\$	<u>2,610,605</u>	\$	<u>(459,450)</u>	\$	<u>2,151,155</u>
5							
6							
7		Year					
8		Added	Account No.	Account Description		Amount	
9		2010	303	Land & Land Rights (Well No. 8)	\$	36,000	
10		2011	307	Wells & Springs (Well No. 8)	\$	268,821	
11		2011	311	Pumping Equipment (Well No. 8)	\$	154,629	
12				Total	\$	459,450	

References:

Column [A]: Company Schedule B-2
Column [B]: Testimony, CSB
Column [C]: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 2 - NOT USED AND USEFUL PLANT COSTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 303 - Land & Land Rights	\$ 62,540	\$ (1,021)	\$ 61,519
2	Acct No. 307 - Wells & Springs	\$ 1,674,835	\$ (17,028)	\$ 1,657,807
3	Acct No. 311 - Pumping Equipment	\$ 873,230	\$ (15,804)	\$ 857,426
4	Total	\$ 2,610,605	\$ (33,853)	\$ 2,576,752

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Year Added	Account No.	Account Description	Amount
2005	303	Land & Land Rights (Well No.1)	\$ 1,021
2005	307	Wells & Springs (Well No. 1)	\$ 950
2005	307	Wells & Springs (Well No. 1)	\$ 850
2005	307	Wells & Springs (Well No. 2C)	\$ 350
2005	307	Wells & Springs (Well No. 2C)	\$ 600
2005	307	Wells & Springs (Well No. 2C)	\$ 1,032
2005	307	Wells & Springs (Well No. 2C)	\$ 4,750
2005	307	Wells & Springs (Well No. 2C)	\$ 4,178
2005	307	Wells & Springs (Well No. 2C)	\$ 3,593
2005	307	Wells & Springs (Well No. 2C)	\$ 725
2005	311	Pumping Equip (Well No. 2C)	\$ 13,324
2005	311	Pumping Equip (Well No. 2C)	\$ 2,480
			\$ 33,853

References:

- Column A: Company Schedule B-2
- Column B: Testimony, CSB
- Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 3 - PRESSURE TANK RECLASSIFICATION

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 307 - Wells & Springs	\$ 1,674,835	(1,032)	1,673,803
2	Acct No. 330.2 - Pressure Tanks.	-	1,032	1,032
3	Plant Total	\$ 1,674,835	\$ -	\$ 1,674,835

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 4 - ALLOCATED VEHICLE COST

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Acct No. 341 - Transportation Equipment	\$ 72,235	(20,250)	51,985
2				
3				
4				
5		Cost of Lexus SUV	\$ 27,000	
6		Percentage Allocated to Owners/Affiliates	75%	
7		Staff's Adjustment	20,250	

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 5 - ACCUMULATED DEPRECIATION

LINE NO.	DESCRIPTION	[A]		[B]		[C]	
		COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Accumulated Depreciation	\$ 1,835,897	\$	-	\$	1,835,897	
2	Excess Capacity Plant	\$ -	\$	(10,586)	\$	(10,586)	
3	Not Used & Useful Plant	\$ -	\$	(10,670)	\$	(10,670)	
4	Allocated Vehicle Costs	\$ -	\$	(3,544)	\$	(3,544)	
5		\$ 1,835,897	\$	(24,800)	\$	1,811,097	
6							
7							
8							
9	ACCUMULATED DEPRECIATION RELATED TO EXCESS CAPACITY PLANT COSTS						
10	Reference	Year Placed					
11	Schedule	In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate Accumulated Depreciation
12	CSB-5	2011	307	Wells & Springs (Well No. 8)	\$ 268,821	0.5	5.00% \$6,720.53
13	CSB-5	2011	311	Pumping Equipment (Well No. 8)	\$ 154,629	0.5	5.00% \$3,865.73
14					\$ 423,450		\$10,586.25
15							
16							
17	ACCUMULATED DEPRECIATION RELATED TO NOT USED AND USEFUL PLANT						
18	Reference	Year Placed					
19	Schedule	In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate Accumulated Depreciation
20	CSB-6	2005	307	Wells & Springs (Well No. 1)	\$ 950	6.5	5.00% \$308.75
21	CSB-6	2005	307	Wells & Springs (Well No. 1)	\$ 850	6.5	5.00% \$276.25
22	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 350	6.5	5.00% \$113.75
23	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 600	6.5	5.00% \$195.00
24	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 1,032	6.5	5.00% \$335.39
25	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 4,750	6.5	5.00% \$1,543.75
26	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 4,178	6.5	5.00% \$1,357.85
27	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 3,593	6.5	5.00% \$1,167.65
28	CSB-6	2005	307	Wells & Springs (Well No. 2C)	\$ 725	6.5	5.00% \$235.63
29	CSB-6	2005	311	Pumping Equip (Well No. 2C)	\$ 13,324	6.5	5.00% \$4,330.38
30	CSB-6	2005	311	Pumping Equip (Well No. 2C)	\$ 2,480	6.5	5.00% \$806.00
31					\$ 32,832		\$10,670.40
32							
33	ACCUMULATED DEPRECIATION RELATED TO VEHICLE ALLOCATION						
34	Reference	Year Placed					
35	Schedule	In Service	Acct No.	Description	Plant Cost	Number of Interim Years	Depreciation Rate Accumulated Depreciation
36	CSB-7	2008	341	Transportation Equipment	\$ 20,250	3.5	5.00% \$3,543.75

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 6 - ADVANCES IN AID OF CONSTRUCTION ("AIAC")

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	PER COMPANY	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	AIAC - Main Line Extension Contracts	\$ 1,633,387	\$ (158,487)	\$ 1,474,900
2				
3				
4				
5				
6		Date		Amount
7	CSB 2-11	12/31/1997 Ending Balance		\$ 185,833
8	CSB 2-11	1998 Net AIAC Additions		\$ 22,360
9	CSB 2-11	1999 Net AIAC Additions		\$ (284)
10	CSB 2-11	2000 Net AIAC Additions		\$ 38,729
11	CSB 2-11	2001 Net AIAC Additions		\$ 37,055
12		Total AIAC That Was Not Fully Refunded After Ten Years		\$ 283,693
13				
14	CSB 2-11	2002 Transfer to CIAC - Per Co.		\$ 31,060
15	CSB 2-11	2003 Transfer to CIAC - Per Co.		\$ 700
16	CSB 2-11	2008 Transfer to CIAC - Per Co.		\$ 68,430
17	CSB 2-11	2010 Transfer to CIAC - Per Co.		\$ 25,016
18		Total Transfers to CIAC - Per Company		\$ 125,206
19				
20			Difference	\$ 158,487

References:

Column A: Company Schedule B-1
Column B: Testimony, CSB; Data Request Response CSB 2-11
Column C: Column [A] + Column [B]

Ray Water Company
Docket No. W-01380A-12-0254
Test Year Ended December 31, 2011

Revised Surrebuttal Schedule CSB-11

RATE BASE ADJUSTMENT NO. 7 -CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Gross CIAC	\$ 982,352	\$ 158,487	\$ 1,140,839

References:

Column A: Company Schedule B-2

Column B: Testimony, CSB; Data Request Response CSB 2-11 and Sch CSB-10

Column C: Column [A] + Column [B]

RATE BASE ADJUSTMENT NO. 8 - AMORTIZATION OF CONTRIBUTIONS IN AID OF CONSTRUCTION ("CIAC")

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Amortization of CIAC	\$ 260,433	\$127,537	\$ 387,970
2				
3				
4				

CALCULATION OF AMORTIZATION OF CIAC								
6	Reference	Year Transferred		Number of		Depreciation		Amortization of
7	Schedule	To CIAC		Interim Years		Rate		CIAC
8	CSB-5	12/31/1997 Ending AIAC Balance	\$ 185,833	2007	10	5.00%		\$92,916.50
9	CSB-5	1998 Net CIAC Additions	\$ 22,360	2008	9	5.00%		\$10,062.00
10	CSB-5	1999 Net CIAC Additions	\$ (284)	2009	8	5.00%		(\$113.60)
11	CSB-5	2000 Net CIAC Additions	\$ 38,729	2010	7	5.00%		\$13,555.15
12	CSB-5	2000 Net CIAC Additions	\$ 37,055	2011	6	5.00%		\$11,116.50
13			\$ 283,693					\$127,536.55

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Ray Water Company

Revised Surrebuttal Schedule CSB-13

Docket No. W-01380A-12-0254

Test Year Ended December 31, 2011

RATE BASE ADJUSTMENT NO. 9 - CUSTOMER DEPOSITS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Customer Deposits	\$ -	\$ 105,405	\$ 105,405
2				
3				Test Year
4				Customer Deposits
5				\$ 100,696
6				\$ 103,158
7				\$ 105,443
8				\$ 108,028
9				\$ 108,636
10				\$ 106,615
11				\$ 107,823
12				\$ 108,938
13				\$ 109,474
14				\$ 109,849
15				\$ 110,119
16				\$ 86,080
17				\$ 1,264,859
18			Divided by	12 Months
19				\$ 105,404.92

References:

Column A: Company Schedule B-2

Column B: Testimony, CSB; Data Request Response CSB 2-12

Column C: Column [A] + Column [B]

Ray Water Company
Docket No. W-01380A-12-0254
Test Year Ended December 31, 2011

Revised Surrebuttal Schedule CSB-14

RATE BASE ADJUSTMENT NO. 10 - WORKING CAPITAL, PREPAYMENTS

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		PER COMPANY	ADJUSTMENT	PER STAFF
1	Prepayments	\$ 3,404	\$ (3,404)	\$ -

References:

Column A: Company Schedule B-2
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

OPERATING INCOME - TEST YEAR AND STAFF RECOMMENDED

LINE NO.	DESCRIPTION	[A] COMPANY TEST YEAR AS FILED	[B] STAFF TEST YEAR ADJUSTMENTS	ADJ NO.	[C] STAFF TEST YEAR AS ADJUSTED	[D] STAFF PROPOSED CHANGES	[E] STAFF RECOMMENDED
REVENUES:							
1	Metered Water Sales	\$ 558,323			\$ 558,323	\$ 144,621	\$ 702,944
2	Water Sales - Unmetered	-	-		-	-	-
3	Other Operating Revenues	17,943	4,548	1	22,491	3,750	26,241
4	Total Revenues	\$ 576,266	\$ 4,548		\$ 580,814	\$ 148,371	\$ 729,185
EXPENSES:							
7	Salaries and Wages	\$ 226,744	\$ (30,259)	2	\$ 196,485	\$ -	\$ 196,485
8	Employee Pensions & Benefits	9,070	(4,520)	3	4,550	-	4,550
9	Purchased Power	106,874	(24,863)	4	82,011	-	82,011
10	Fuel for Power Production	-	-		-	-	-
11	Chemicals	-	-		-	-	-
12	Materials & Supplies	2,347	-		2,347	-	2,347
13	Office Supplies & Expense	22,190	-		22,190	-	22,190
14	Contractual Services - Billing	69,767	-		69,767	-	69,767
15	Contractual Services - Professional	17,001	-		17,001	-	17,001
16	Contractual Services - Testing	5,650	965	5	6,615	-	6,615
17	Contractual Services - Other	10,913	-		10,913	-	10,913
18	Equipment Rental	-	-		-	-	-
19	Rents	22,000	(2,200)	6	19,800	-	19,800
20	Transportation Expenses	13,316	(4,110)	7	9,206	-	9,206
21	Insurance - General Liability	10,590	-		10,590	-	10,590
22	Insurance - Health and Life	-	-		-	-	-
23	Reg. Comm. Exp.	-	-		-	-	-
24	Reg. Comm. Exp. - Rate Case	10,000	-		10,000	-	10,000
25	Miscellaneous Expense	9,662	-		9,662	-	9,662
26	Bad Debt Expense	295	-		295	-	295
27	Depreciation Expense	180,559	(50,959)	8	129,600	-	129,600
28	Taxes Other Than Income	18,646	(1,533)	9	17,113	-	17,113
29	Property Taxes	30,589	1,782	10	32,371	2,754	35,126
30	Income Taxes	(69,820)	51,114	11	(18,706)	34,014	15,308
31	Interest Expense - Customer Deposits	5,713	-		5,713	-	5,713
32	Total Operating Expenses	\$ 702,106	\$ (64,584)		\$ 637,522	\$ 36,769	\$ 674,290
33							
34	Operating Income (Loss)	\$ (125,840)	\$ 69,132		\$ (56,708)	\$ 107,853	\$ 54,895

References:

Column (A): Company Schedule C-1
Column (B): Schedule CSB-16
Column (C): Column (A) + Column (B)
Column (D): Schedules CSB-1 and CSB-2
Column (E): Column (C) + Column (D)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] ADJ #1 Other Revenues Ref. Sch CSB-17	[C] ADJ #2 Salaries and Wages Ref. Sch CSB-18	[D] ADJ #3 Employee Pensions & Benefits Ref. Sch CSB-19	[E] ADJ #4 Purchased Power Ref. Sch CSB-20	[F] ADJ #5 Contractual Services Water Testing Ref. Sch CSB-21	[G] ADJ #6 Rents Expense Ref. Sch CSB-22	[H] Subtotal
1	Metered Water Sales	\$ 568,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,323
2	Water Sales - Unmetered	-	-	-	-	-	-	-	-
3	Other Operating Revenues	17,943	4,548	-	-	-	-	-	22,491
4	Total Revenues	\$ 576,266	\$ 4,548	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 580,814
5									
6	OPERATING EXPENSES:								
7	Salaries and Wages	\$ 226,744	-	(30,259)	-	-	-	-	\$ 196,485
8	Employee Pensions & Benefits	9,070	-	(4,520)	-	-	-	-	4,550
9	Purchased Power	106,874	-	-	(24,863)	-	-	-	82,011
10	Fuel for Power Production	-	-	-	-	-	-	-	-
11	Chemicals	-	-	-	-	-	-	-	-
12	Materials & Supplies	2,347	-	-	-	-	-	-	2,347
13	Office Supplies & Expense	22,190	-	-	-	-	-	-	22,190
14	Contractual Services - Billing	69,767	-	-	-	-	-	-	69,767
15	Contractual Services - Professional	17,001	-	-	-	-	-	-	17,001
16	Contractual Services - Testing	5,650	-	-	-	-	965	-	6,615
17	Contractual Services - Other	10,913	-	-	-	-	-	-	10,913
18	Equipment Rental	-	-	-	-	-	-	-	-
19	Rents	22,000	-	-	-	-	(2,200)	-	19,800
20	Transportation Expenses	13,316	-	-	-	-	-	-	13,316
21	Insurance - General Liability	10,590	-	-	-	-	-	-	10,590
22	Insurance - Health and Life	-	-	-	-	-	-	-	-
23	Reg. Comm. Exp.	-	-	-	-	-	-	-	-
24	Reg. Comm. Exp. - Rate Case	10,000	-	-	-	-	-	-	10,000
25	Miscellaneous Expense	9,662	-	-	-	-	-	-	9,662
26	Bad Debt Expense	295	-	-	-	-	-	-	295
27	Depreciation Expense	180,559	-	-	-	-	-	-	180,559
28	Taxes Other Than Income	18,646	-	-	-	-	-	-	18,646
29	Property Taxes	30,589	-	-	-	-	-	-	30,589
30	Income Taxes	(69,820)	-	-	-	-	-	-	(69,820)
31	Interest Expense - Customer Deposits	5,713	-	-	-	-	-	-	5,713
32	Total Operating Expenses	\$ 702,106	\$ -	\$ (30,259)	\$ (4,520)	\$ (24,863)	\$ 965	\$ (2,200)	\$ 641,228
33									
34	Operating Income (Loss)	\$ (125,840)	\$ 4,548	\$ 30,259	\$ 4,520	\$ 24,863	\$ (965)	\$ 2,200	\$ (60,414)

SUMMARY OF OPERATING INCOME ADJUSTMENTS - TEST YEAR CONTINUED

LINE NO.	DESCRIPTION	II) ADJ #7	III) ADJ #8	IV) ADJ #9	V) ADJ #10	VI) ADJ #11	VII) ADJ #12
	REVENUES:						
1	Metered Water Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Water Sales - Unmetered	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3	Other Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
4	Total Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5	OPERATING EXPENSES:						
6	Salaries and Wages	-	-	-	-	-	196,485
7	Employee Pensions & Benefits	-	-	-	-	-	4,550
8	Purchased Power	-	-	-	-	-	82,011
9	Fuel for Power Production	-	-	-	-	-	-
10	Chemicals	-	-	-	-	-	-
11	Materials & Supplies	-	-	-	-	-	2,347
12	Office Supplies & Expense	-	-	-	-	-	22,190
13	Contractual Services - Billing	-	-	-	-	-	69,767
14	Contractual Services - Professional	-	-	-	-	-	17,001
15	Contractual Services - Testing	-	-	-	-	-	6,615
16	Contractual Services - Other	-	-	-	-	-	10,913
17	Equipment Rental	-	-	-	-	-	-
18	Rents	-	-	-	-	-	19,800
19	Transportation Expenses	(4,110)	-	-	-	-	9,206
20	Insurance - General Liability	-	-	-	-	-	10,590
21	Insurance - Health and Life	-	-	-	-	-	-
22	Reg. Comm. Exp. - Rate Case	-	-	-	-	-	-
23	Miscellaneous Expense	-	-	-	-	-	10,000
24	Bad Debt Expense	-	-	-	-	-	9,662
25	Depreciation Expense	-	(50,959)	-	-	-	295
26	Taxes Other Than Income	-	-	-	-	-	129,600
27	Property Taxes	-	-	-	1,782	-	17,113
28	Income Taxes	-	-	-	-	51,114	32,371
29	Interest Expense - Customer Deposits	-	-	-	-	-	(18,706)
30	Total Operating Expenses	\$ (4,110)	\$ (50,959)	\$ (1,533)	\$ 1,782	\$ 51,114	\$ 637,522
31	Operating Income (Loss)	\$ 4,110	\$ 50,959	\$ 1,533	\$ (1,782)	\$ (51,114)	\$ (56,708)

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Revised Surrebuttal Schedule CSB-17

OPERATING INCOME ADJUSTMENT NO. 1 - OTHER OPERATING REVENUE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Other Revenue	\$ 17,943	\$ 4,548	\$ 22,491

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 2 - SALARIES AND WAGES

LINE NO.	DESCRIPTION	[A] [B] [C]		
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	Rhonda Rosenbaum, Vice President	\$ 80,000	\$ (8,000)	\$ 72,000
2	Joseph Rosenbaum, Vice President	\$ 80,000	\$ (8,926)	\$ 71,074
3	Doreen Mallis, Company President	\$ 20,000	\$ (13,333)	\$ 6,667
4	Dave Rader, Operations Manager	\$ 46,744	\$ -	\$ 46,744
5		\$ 226,744	\$ (30,259)	\$ 196,485
6				
7				
8				Rhonda Rosenbaum, Vice President
9				
10			2011 Salary	\$ 80,000
11	Percentage Allocated to Affiliate Business			10%
12			Staff's Adjustment	8,000
13				
14				Joseph Rosenbaum, Vice President
15				
16				
17	Contracting With Professionals, Service Providers, & Suppliers			- Not Broken Out Separately
18	Personnel Decisions			- Not Broken Out Separately
19	Bidding Decisions			- Not Broken Out Separately
20			Total	120 Avg Hours Per Month
21			x 12	Months
22			Subtotal	1,440 Avg Hours Per Year
23				
24	Oversight of Professional Accountants and Attorneys			- Not Broken Out Separately
25	Banking and Financing			- Not Broken Out Separately
26	Regulatory Compliance			- Not Broken Out Separately
27	Tax Matters			- Not Broken Out Separately
28	Correspondence With Customers and The Business Community			- Not Broken Out Separately
29	Corporate Matters			- Not Broken Out Separately
30			Subtotal	288 Avg Hours Per Year
31				
32	Land Use and Rights of Way			- Not Broken Out Separately
33	Line Extension Agreements			- Not Broken Out Separately
34	CAGR Compliance			- Not Broken Out Separately
35			Subtotal	120 Avg Hours Per Year
36				
37			TOTAL	1,848 Avg Hours Per Year
38			x \$38.46	(\$80,000 / 2,080)
39			\$ 71,074	Salary - Per Staff
40			\$ 80,000	Salary - Per Company
41			\$ (8,926)	Staff's Adjustment
42				
43				
44				Doreen Mallis President
45				
46				
47		2010	\$ -	Company Sch E-2
48		2011	\$ 20,000	Company Sch E-2
49		2012	\$ -	Company Sch E-2
50			\$ 20,000	
51		Divided by 3		3 Years
52			\$ 6,667	Salary - Per Staff
53			\$ 20,000	Salary - Per Company
54			\$ (13,333)	Staff's Adjustment

References:

Column A: Company Schedule C-2
Column B: Testimony, CSB,
Column C: Column [A] + Column [B]

LINE NO.	DESCRIPTION	[A] COMPANY AS FILED	[B] STAFF ADJUSTMENTS (Col C - Col A)	[C] STAFF AS ADJUSTED
1	Employee Pensions & Benefits	\$ 9,070	\$ (4,520)	\$ 4,550
2				
3				
4				
5				
6				
7				
8		2009	\$ 4,585	Company Sch E-2
9		2010	\$ 9,064	Company Sch E-2
10		2011	\$ -	Company Sch E-2
11			\$ 13,649	
12		Divided by 3	3	Years
13			\$ 4,550	

Column A: Company Schedule C-2
Column B: Testimony, CSB; Company Data Request Responses to CSB 2-26
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 4 - PURCHASED POWER

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS (Col C - Col A)	STAFF AS ADJUSTED
1	2011 Actual Purchased Power Expense	\$ 82,011	\$ -	\$ 82,011
2	Company Pro forma Adjustment	24,863	(24,863)	-
3	Total Purchased Power Expense	\$ 106,874	\$ (24,863)	\$ 82,011
4				
5				
6				

References:

Column A: Company Schedule C-2

Column B: Testimony, CSB

Column C: Column [A] + Column [B]

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OPERATING INCOME ADJUSTMENT NO. 5 - CONTRACT SRVCS., WATER TESTING EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Contractual Services - Testing	\$ 5,650	\$ 965	\$ 6,615

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

Revised Surreabuttal Schedule CSB-22

		[A]	[B]	[C]
LINE NO.	DESCRIPTION	COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Rents Expense	\$ 22,000	\$ (2,200)	\$ 19,800

References:

Column A: Company Schedule C-1 & E-2
Column B: Testimony, CSB; Data Request CSB 2-16
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 7 - TRANSPORTATION EXPENSE

LINE NO.	DESCRIPTION	[A]	[B]	[C]
		COMPANY AS FILED	STAFF ADJUSTMENTS	STAFF AS ADJUSTED
1	Transportation Expense	\$ 5,777	\$ -	\$ 5,777
2	Gasoline Expenses - Shell	3,543	(1,329)	2,214
3	Repair and Maintenance Expenses	3,996	(2,781)	1,215
		<u>\$ 13,316</u>	<u>\$ (4,110)</u>	<u>\$ 9,206</u>

Shell Gasoline Purchases			
1/14/2011	\$	346.09	CSB 2-33
2/18/2011	\$	227.51	CSB 2-33
3/18/2011	\$	270.06	CSB 2-33
4/14/2011	\$	198.02	CSB 2-33
5/18/2011	\$	336.25	CSB 2-33
6/14/2011	\$	226.66	CSB 2-33
7/16/2011	\$	295.35	CSB 2-33
8/22/2011	\$	97.00	CSB 2-33
9/17/2011	\$	436.93	CSB 2-33
10/24/2011	\$	370.97	CSB 2-33
11/15/2011	\$	418.48	CSB 2-33
12/19/2011	\$	319.79	CSB 2-33
	\$	3,543	Total Shell Gas Purchases
Divided by 2		2	Vehicles (Toyota & Lexus)
	\$	1,772	
	x	75%	Allocated to Owner/Affiliates
	\$	1,329	Amount Disallowed
	\$	3,543	Total Shell Gas Purchases
	\$	(1,329)	Amount Disallowed
	\$	2,214	Staff as Adjusted

Repair & Maint Expenses			
Date	Description		
4/4/2011	Lexus SUV - 1 Tire	\$ 138	CSB 2-33
5/16/2011	4 Tires - Ford F250	\$ 893	CSB 2-33
7/5/2011	Lexus SUV Brake Pads/Maint	\$ 820	CSB 2-33
11/18/2011	Lexus SUV - Radiator	\$ 1,124	CSB 2-33
12/30/2011	Lexus SUV - 3 Tire	\$ 807	CSB 2-33
		<u>\$ 3,644</u>	
Divided by 3		3	Years
		<u>\$ 1,215</u>	Normalized Costs

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB;
Column C: Column [A] + Column [B]

OPERATING INCOME ADJUSTMENT NO. 8 - DEPRECIATION EXPENSE ON TEST YEAR PLANT

LINE NO.	DESCRIPTION	[A]		[B]		[C]		[D]		[E]	
		PLANT In SERVICE Per Staff		NonDepreciable or Fully Depreciated PLANT	Ref	DEPRECIABLE PLANT (Col A - Col B)		DEPRECIATION RATE		DEPRECIATION EXPENSE (Col C x Col D)	
1	302 Franchises	\$ 700		\$ (700)	1	\$ -		0.00%		\$ -	
2	303 Land and Land Rights	25,519		(26,540)	1	(1,021)		0.00%		-	
3	304 Structures and Improvements	22,078		(13,781)	2	8,297		3.33%		276	
4	306 Lake, River, and Other Intakes	-		-		-		2.50%		-	
5	307 Wells and Springs	1,388,986		(181,238)	2	1,207,748		3.33%		40,218	
6	309 Supply Mains	-		-		-		2.00%		-	
7	310 Power Generation Equipment	-		-		-		5.00%		-	
8	311 Pumping Equipment	702,797		-		702,797		12.50%		87,850	
9	320 Water Treatment Equipment	-		-		-		3.33%		-	
10	330 Distribution Reservoirs and Standpipes	622,302		(106,345)	2	515,957		2.22%		11,454	
11	330.2 Pressure Tanks	1,032		-		1,032		5.00%		52	
12	331 Transmission and Distribution Mains	1,160,777		(579,693)	2	581,084		2.00%		11,622	
13	333 Services	526,754		-		526,754		3.33%		17,541	
14	334 Meters and Meter Installations	113,643		(90,046)	2	23,597		8.33%		1,966	
15	335 Hydrants	105,490		-		105,490		2.00%		2,110	
16	336 Backflow Prevention Devices	-		-		-		6.67%		-	
17	339 Other Plant and Miscellaneous Equipment	2,902		-		2,902		6.67%		194	
18	340 Office Furniture and Equipment	8,901		-		8,901		6.67%		594	
19	341 Transportation Equipment	51,985		-		51,985		20.00%		10,397	
20	340.1 Computers and Software	8,967		-		8,967		20.00%		1,793	
21	343 Tools, Shop, and Garage Equipment	1,932		-		1,932		5.00%		97	
22	344 Laboratory Equipment	-		-		-		10.00%		-	
23	345 Power Operated Equipment	-		-		-		5.00%		-	
24	346 Communication Equipment	1,494		-		1,494		10.00%		149	
25	347 Miscellaneous Equipment	-		-		-		10.00%		-	
26	348 Other Tangible Equipment	1,253		(1,253)	2	-		10.00%		-	
27	Total Plant	\$ 4,747,512		\$ (999,596)		\$ 3,747,916				\$ 186,311	
28											
29											
30											
31	Composite Depreciation Rate (Depr Exp / Depreciable Plant):							4.97%			
32	CIAC: \$	1,140,839									
33	Amortization of CIAC (Line 31 x Line 32):	\$		56,712							
34											
35	Depreciation Expense Before Amortization of CIAC:	\$		186,311							
36	Less Amortization of CIAC:	\$		56,712							
37	Test Year Depreciation Expense - Staff:	\$		129,600							
38	Depreciation Expense - Company:			180,559							
39	Staff's Total Adjustment:	\$		(50,959)							

References:

- ¹ Nondepreciable Plant
² Fully Depreciated Plant

References:

- Column [A]: Schedule CSB-4
Column [B]: From Column [A]
Column [C]: Column [A] - Column [B]
Column [D]: Engineering Staff Report
Column [E]: Column [C] x Column [D]

OPERATING INCOME ADJUSTMENT NO. 9 - TAXES OTHER THAN INCOME

		[A]		[B]		[C]	
LINE NO.	DESCRIPTION	COMPANY AS FILED		STAFF ADJUSTMENTS		STAFF AS ADJUSTED	
1	Taxes Other Than Income	\$	18,646	\$	(1,533)	\$	17,113
2							
3							
4							
5							
6							
7	2011 Taxes Other Than Income			\$	18,646		
8	Percentage Allocated to Affiliate Business/Owners				8.22%	(\$226,744 / \$18,646)	
9	Staff's Adjustment				1,533		

Taxes
Other Than
Income

References:

Column A: Company Schedule C-1
Column B: Testimony, CSB
Column C: Column [A] + Column [B]

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Revised Surrebuttal Schedule CSB-26

OPERATING INCOME ADJUSTMENT NO. 10 - PROPERTY TAX EXPENSE

LINE NO.	Property Tax Calculation	[A] STAFF AS ADJUSTED	[B] STAFF RECOMMENDED
1	Staff Adjusted Test Year Revenues	\$ 580,814	\$ 580,814
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	1,161,628	\$ 1,161,628
4	Staff Recommended Revenue, Per Schedule CSB-1	580,814	\$ 729,185
5	Subtotal (Line 4 + Line 5)	1,742,442	1,890,813
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	580,814	\$ 630,271
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	1,161,628	\$ 1,260,542
10	Plus: 10% of CWIP -	830	830
11	Less: Net Book Value of Licensed Vehicles	-	\$ -
12	Full Cash Value (Line 9 + Line 10 - Line 11)	1,162,458	\$ 1,261,372
13	Assessment Ratio	21.0%	21.0%
14	Assessment Value (Line 12 * Line 13)	244,116	\$ 264,888
15	Composite Property Tax Rate	13.2606%	13.2606%
			\$ -
16	Staff Test Year Adjusted Property Tax (Line 14 * Line 15)	\$ 32,371	
17	Company Proposed Property Tax	30,589	
18	Staff Test Year Adjustment (Line 16-Line 17)	\$ 1,782	
19	Property Tax - Staff Recommended Revenue (Line 14 * Line 15)		\$ 35,126
20	Staff Test Year Adjusted Property Tax Expense (Line 16)		\$ 32,371
21	Increase in Property Tax Expense Due to Increase in Revenue Requirement		\$ 2,754
22	Increase to Property Tax Expense		\$ 2,754
23	Increase in Revenue Requirement		148,371
24	Increase to Property Tax per Dollar Increase in Revenue (Line 19/Line 20)		1.856484%

OPERATING INCOME ADJUSTMENT NO. 11 - TEST YEAR INCOME TAXES

LINE NO.	DESCRIPTION	(A)	(B)
<u>Calculation of Income Tax:</u>			
		Test Year	
1	Revenue	\$ 580,814	
2	Less: Operating Expenses - Excluding Income Taxes	\$ 656,228	
3	Less: Synchronized Interest (L17)	\$ 3,016	
4	Arizona Taxable Income (L1- L2 - L3)	\$ (78,430)	
5	Arizona State Income Tax Rate	6.968%	
6	Arizona Income Tax (L4 x L5)	\$	(5,465)
7	Federal Taxable Income (L4 - L6)	\$ (72,965)	
8	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ (7,500)	
9	Federal Tax on Second Income Bracket (\$51,001 - \$75,000) @ 25%	\$ (5,741)	
10	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	
11	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	
12	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	
13	Total Federal Income Tax	\$	(13,241)
14	Combined Federal and State Income Tax (L6 + L13)	\$	(18,706)
<u>Calculation of Interest Synchronization:</u>			
15	Rate Base	\$ 603,241	
16	Weighted Average Cost of Debt	0.50%	
17	Synchronized Interest (L16 x L17)	\$ 3,016	
18	Income Tax - Per Staff	\$ (18,706)	
19	Income Tax - Per Company	\$ (69,820)	
20	Staff Adjustment	\$ 51,114	

Monthly Minimum Charge

Meter Size (All Classes):

	Present	Company Proposed	Staff Recommended
5/8 Inch x 3/4 Inch	\$ 11.15	\$ 15.00	\$ 15.00
3/4 Inch	25.00	25.00	26.00
1 Inch	39.00	39.00	40.00
1 1/2 Inch	62.00	75.00	62.00
2 Inch	110.00	120.00	110.00
3 Inch	125.00	240.00	125.00
4 Inch	165.00	375.00	165.00
6 Inch	330.00	750.00	330.00

Gallons Included in Monthly Minimum Charge

0 0 0

Commodity Charge - Per One Thousand Gallons

All Meter Sizes

1 gallon to 3,000 gallons	\$ 1.55	\$ 0.85	N/A
3,001 gallons to 7,000 gallons	\$ 1.55	\$ 2.25	N/A
7,001 gallons to 25,000 gallons	\$ 1.55	\$ 3.35	N/A
over 25,000 gallons	\$ 1.55	\$ 4.64	N/A
1 gallon to 2,000 gallons	\$ 1.55	N/A	\$ 0.50
2,001 gallons to 7,000 gallons	\$ 1.55	N/A	\$ 1.25
7,001 gallons to 25,000 gallons	\$ 1.55	N/A	\$ 2.00
over 25,000 gallons	\$ 1.55	N/A	\$ 3.16
Standpipe per 1,000 gallons	\$ 1.55	\$ 4.64	\$ 3.16

Miscellaneous Charges

	Present	Company Proposed	Staff Recommended
Establishment	\$ 25.00	\$ 30.00	\$ 30.00
Establishment (After Hours)	37.50	Discontinue	Discontinue
Reconnection (Delinquent)	25.00	35.00	35.00
Meter Test (If Correct)	30.00	35.00	30.00
Deposit	*	*	*
Deposit Interest	*	*	*
Reestablishment (Within 12 Months)	**	**	**
NSF Check	15.00	25.00	25.00
Deferred Payment, Per Month	***	***	1.50%
Meter Re-read (If Correct)	15.00	30.00	20.00
Late Payment Fee (Per Month)	***	2.00%	1.50%
After hours service charge (At the Customer's Request)	NT	25.00	25.00

* Per A. A. C. R-14-2-403 (B)

** Number of months off the system times the monthly minimum.

*** 1.50 percent per month of unpaid balance

NT = No Tariff

Service and Meter Installation Charges

	Total Present Charge	Company Proposed Service Line Charge	Company Proposed Meter Installation Charge*	Total Company Proposed Charge
5/8 x 3/4 Inch	\$ 550	\$ 445	\$ 155	\$ 600
3/4 Inch	\$ 550	\$ 445	\$ 255	\$ 700
1 Inch	\$ 650	\$ 495	\$ 315	\$ 810
1 1/2 Inch	\$ 875	\$ 550	\$ 525	\$ 1,075
2 Inch / Turbine	\$ 1,400	\$ 830	\$ 1,045	\$ 1,875
2 Inch / Compound	N/A	\$ 830	\$ 1,890	\$ 2,720
3 Inch / Turbine	\$ 1,900	\$ 1,045	\$ 1,670	\$ 2,715
3 Inch / Compound	N/A	\$ 1,165	\$ 2,545	\$ 3,710
4 Inch / Turbine	\$ 3,200	\$ 1,490	\$ 2,670	\$ 4,160
4 Inch / Compound	N/A	\$ 1,670	\$ 3,645	\$ 5,315
6 Inch / Turbine	\$ 5,800	\$ 2,210	\$ 5,025	\$ 7,235
6 Inch / Compound	N/A	\$ 2,330	\$ 6,920	\$ 9,250
Over 6-Inch	N/A	N/A	Actual Cost	Actual Cost

	Total Present Charge	Staff Recommended Service Line Charge	Staff Recommended Meter Installation Charge	Total Staff Recommended Charge
5/8 x 3/4 Inch	\$ 550	\$ 445	\$ 155	\$ 600
3/4 Inch	\$ 550	\$ 445	\$ 255	\$ 700
1 Inch	\$ 650	\$ 495	\$ 315	\$ 810
1 1/2 Inch	\$ 875	\$ 550	\$ 525	\$ 1,075
2 Inch / Turbine	\$ 1,400	\$ 830	\$ 1,045	\$ 1,875
2 Inch / Compound	N/A	\$ 830	\$ 1,890	\$ 2,720
3 Inch / Turbine	\$ 1,900	\$ 1,045	\$ 1,670	\$ 2,715
3 Inch / Compound	N/A	\$ 1,165	\$ 2,545	\$ 3,710
4 Inch / Turbine	\$ 3,200	\$ 1,490	\$ 2,670	\$ 4,160
4 Inch / Compound	N/A	\$ 1,670	\$ 3,645	\$ 5,315
6 Inch / Turbine	\$ 5,800	\$ 2,210	\$ 5,025	\$ 7,235
6 Inch / Compound	N/A	\$ 2,330	\$ 6,920	\$ 9,250
Over 6-Inch	N/A	Actual Cost	Actual Cost	Actual Cost

TYPICAL BILL ANALYSIS
General Service 5/8 X 3/4 - Inch Meter

Average Number of Customers: 1,453

<u>Company Proposed</u>	<u>Gallons</u>	<u>Present Rates</u>	<u>Proposed Rates</u>	<u>Dollar Increase</u>	<u>Percent Increase</u>
Average Usage	7,832	\$23.29	\$29.34	\$6.05	26.0%
Median Usage	6,467	\$21.17	\$26.55	\$5.38	25.4%
<u>Staff Proposed</u>					
Average Usage	7,832	\$23.29	\$23.91	\$0.62	2.7%
Median Usage	6,467	\$21.17	\$21.58	\$0.41	1.9%

Present & Proposed Rates (Without Taxes)
General Service 5/8 X 3/4 - Inch Meter

<u>Gallons Consumption</u>	<u>Present Rates</u>	<u>Company Proposed Rates</u>	<u>% Increase</u>	<u>Staff Proposed Rates</u>	<u>% Increase</u>
0	\$11.15	\$15.00	34.5%	\$15.00	34.5%
1,000	12.70	15.85	24.8%	15.50	22.0%
2,000	14.25	16.70	17.2%	16.00	12.3%
3,000	15.80	17.55	11.1%	17.25	9.2%
4,000	17.35	19.80	14.1%	18.50	6.6%
5,000	18.90	22.05	16.7%	19.75	4.5%
6,000	20.45	24.30	18.8%	21.00	2.7%
7,000	22.00	26.55	20.7%	22.25	1.1%
8,000	23.55	29.90	27.0%	24.25	3.0%
9,000	25.10	33.25	32.5%	26.25	4.6%
10,000	26.65	36.60	37.3%	28.25	6.0%
15,000	34.40	53.35	55.1%	38.25	11.2%
20,000	42.15	70.10	66.3%	48.25	14.5%
25,000	49.90	86.85	74.0%	58.25	16.7%
50,000	88.65	202.85	128.8%	137.25	54.8%
75,000	127.40	318.85	150.3%	216.25	69.7%
100,000	166.15	434.85	161.7%	295.25	77.7%
125,000	204.90	550.85	168.8%	374.25	82.7%
150,000	243.65	666.85	173.7%	453.25	86.0%
175,000	282.40	782.85	177.2%	532.25	88.5%
200,000	321.15	898.85	179.9%	611.25	90.3%